

OUTCOMES: Subcommittee No. 3: Monday, March 8, 2004

- Senator McPherson absent.
(Please use Agenda as a reference for this document.)

I. 530 California Health & Human Services Agency (Page 2)

1. CA Health Care Quality Improvement and Cost Containment Commission (Page 3)

- **Action:** Adopted the proposal to approve the two positions but used the Managed Care Fund in lieu of General Fund support, and extended the positions to be two-year limited term appointments. Also adopted technical trailer bill language to extend the report date by one year, and to use the Managed Care Fund. (This saves the General Fund \$350,000.)
- **Vote:** 3-1 (McClintock)

II. 4260 Department of Health Services—Selected Public Health Programs (Page 5)

1. AIDS Drug Assistance Program (ADAP)—(See Issues “A” to “C”)

ISSUE “A” Savings from Program Efficiencies (Page 7)

- **Action:** Directed the DHS, by July 1, 2004, to (1) establish a refill policy at the 27th day for drugs for savings of \$500,000, and (2) establish a 6-month refill interval for savings of \$300,000. (This saves the General Fund \$800,000).
- **Vote:** 3-1 (McClintock)

ISSUE B—Governor’s Proposed Cap on ADAP Clients (Page 8)

- **Action:** Rejected the proposal.
- **Vote:** 3-1 (McClintock)

ISSUE “C”—ADAP Drug Rebates—Their Estimating, Collecting, Tracking

- **Action:** (1) Adopted placeholder trailer bill language to establish a special fund (to be continuously appropriated) for ADAP Rebates, (2) Appropriated the \$21 million in accumulated ADAP Rebates, and (3) Used \$6 million of this amount to backfill for General Fund support in the program. (This increased the overall program by \$15 million and saved the General Fund \$6 million.)
- **Vote:** 3-1 (McClintock)

2. Genetically Handicapped Persons Program (GHPP)—ISSUES “A” to “C”

ISSUE “A”—Blood Factor Rebates—(1) State Owed Reimbursement on Rebates, and (2) State Needs to Proceed with Contract Savings & Related Expenditure Reduction Measures (Page 14)

Action: Adopted (1) trailer bill language to establish a special fund for the collection of GHPP rebates, as well as rebates received under the California Children Services (CCS) Program.

(2) Appropriated the \$4.1 million in identified rebates from 2002 for the GHPP.

(3) Of this amount (from the rebates), utilize \$89,000 for a new Associate Governmental Program Analyst (AGPA) position to assist with the various functions identified in the agenda. The remaining amount—about \$4 million—is a General Fund offset (i.e., serves as a fund shift and saves General Fund).

(4) Recognized increased savings of \$5 million (General Fund) for contracts, pharmaceutical rebates, medical supplies and related items, above the Administration’s proposed savings of only \$1.5 million (General Fund). (This saves the General Fund \$9 million.)

- **Vote:** 3-1 (McClintock)

ISSUE “B”—Governor’s Proposed GHPP Reductions—(1) Cap on Program, (2) Implement Copay, and (3) Reduce Rates by Another 10 Percent (Page 17)

- **Action:** (1) Rejected the enrollment cap, (2) Kept the 10 percent rate reduction OPEN, pending receipt of additional information, (3) Kept the Copayment proposal OPEN, pending receipt of additional information.

- **Vote:** 4-0

3. California Children’s Services (CCS) Program—ISSUES “A” to “B” (Page 19)

ISSUE “A” Contract and Rebate Savings (Page 20)

- **Recommendation:** Adopted trailer bill language (as already discuss under the GHPP item, above) for a special fund, and recognized \$2.5 million (General Fund) by proceeding with obtaining rebates for various drug products and contract savings as referenced above. (This saved the General Fund \$2.5 million)
- **Vote:** 3-1 (McClintock)

ISSUE “B”—Governor’s Proposed Reductions—(1) Cap on Program, and (2) Reduce Rates by Another 10 Percent (Page 21)

- **Action:** Rejected the cap and Kept the 10 percent rate reduction OPEN pending receipt of additional information. Directed Subcommittee staff to work with others to craft potential cost containment options.
- **Vote:** 4-0

III. 4260 Department of Health Services—Medi-Cal Program (*Selected Items*) (Page 23)

1. Medi-Cal Drug Rebates & the Collection of Owed Rebates—Why Can't More Be Collected? (Page 23)

- **Action:** Increased the amount to be collected for the aged drug rebates by \$30 million (\$15 million General Fund) and adopted trailer bill language to require the DHS to report quarterly on the collection of all rebate funds. (This saved the General Fund \$15 million.)
- **Vote:** 3-1 (McClintock)

2. Governor's Proposed Enrollment Caps Within the Medi-Cal Program (Page 26)

- **Action:** Rejected the cap and directed Subcommittee staff to work with others to craft potential cost containment options throughout the Medi-Cal Program area.
- **Vote:** 3-1 (McClintock) on the prenatal care, long-term care, and Breast & Cervical Programs.
- **Vote:** 4-0 on the legal immigrant services.

3. Administration's Proposals Regarding Federally Qualified Health Care Centers (FQHCs) and Rural Health Care Clinics (RHCs)—Significant Change Proposed (Page 28)

- **Action:** Rejected the elimination of the Alternative Payment Method since the DHS has not even implemented the PPS method as yet.
- **Vote:** 3-0 (McClintock absent)

4. Medi-Cal Rates—Update on 5 Percent Reduction & Administration's Proposed Additional 10 Percent Reduction (Page 33)

- **Action:** Kept open the 10 percent rate reduction, pending receipt of additional information.

5. Administration's Proposal Regarding Breast & Cervical Cancer Eligibility Processing (Page 35)

- **Action:** Adopted LAO recommendation to delete the Administration's proposal and to add 11 positions to the DHS for savings of \$950,000 (General Fund). (This saves the General Fund \$950,000.)
- **Vote:** 3-0 (McClintock absent)

IV. 4280 Managed Risk Medical Insurance Board (MRMIB) (Page 37)

1. Healthy Families Program Estimate—ISSUES “A” to “D” (Page 38)

ISSUE “A”—Consumer Assessment of Plans Survey

- **Action:** Deleted the funds for the Consumer Survey. (This saved the General Fund \$175,000.)
- Vote: 3-0 (McClintock absent)

ISSUE “B”—Governor’s Proposed Cap on Enrollment (See Hand Out) (Page 39)

- **Action:** Rejected the cap but **directed Subcommittee staff** to work with others on crafting potentially other items for cost containment..
- Vote: 3-0 (McClintock absent)

ISSUE “C”—Governor’s Proposal to Block Grant HFP to Counties (Page 42)

- **Action:** Rejected the proposal.
- Vote: 3-0 (McClintock absent)

ISSUE “D”—Governor’s Proposed Two-Tiered Benefit Structure (Page 43)

- **Action:** Deleted the proposal from the budget process without prejudice and referred it to the policy committee.
- Vote: 3-0 (McClintock absent)

2. Access for Infants and Mothers (AIM) Program Reserve—LAO Recommendation (Page 43)

- **Action:** Adopted LAO recommendation to eliminate the approximate \$1 million (Perinatal Fund) in reserve for AIM and return the funds to the Proposition 99 reserve (to increase the Proposition 99 reserve).
- Vote: 3-0 (McClintock absent)